

Decision No. 8864

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of HOLTON POWER COMPANY, for an)
order authorizing the issue and) Application No. 6708
sale of \$50,000.00 par value First)
and Refunding Mortgage Gold Bonds.)

Chas. F. Potter and Henry W. Coil, by
Charles F. Potter, for Applicant.

BRUNDIGE, Commissioner.

O P I N I O N

Holton Power Company asks permission to issue and sell \$50,000 of its first and refunding mortgage 6 per cent serial gold bonds dated October 1, 1911, and to use the proceeds to reimburse its treasury for money used in paying \$50,000 of its first mortgage bonds that matured in equal amounts on January 1, 1920, and January 1, 1921.

Holton Power Company was organized on October 2, 1903, with an authorized stock issue of \$1,500,000 of common stock. Of this amount \$950,000 of stock was reported outstanding on December 31, 1920, all of which excepting directors' shares, being held by W. Sherman Fisher, Trustee. The record in Application No. 5334, a rate proceeding which was decided on September 16, 1920, by Decision No. 8119, shows that since January 1, 1916, applicant herein has been controlled, through stock ownership, by Nevada-California Electric Corporation and has been under the

same general management as The Southern Sierras Power Company through maintaining its separate corporate entity.

The record in this proceeding shows that Holton Power Company on January 29, 1907, executed its first mortgage, securing an unauthorized issue of \$500,000 of bonds, and that subsequently, on October 1, 1911, it executed its First and Refunding Mortgage to secure the payment of \$1,000,000 of First and Refunding Mortgage Bonds. The Company reports \$400,000 of First Mortgage Bonds and \$550,000 of First and Refunding Mortgage Bonds outstanding on December 31, 1920. The First Mortgage Bonds mature in equal annual installments of \$25,000 on January 1, of each of the years 1918 to 1937 inclusive, while the First and Refunding Mortgage Bonds mature annually at the rate of \$50,000 a year on October 1, of each of the years 1932 to 1951, both inclusive. \$500,000 of First and Refunding Mortgage Bonds have been issued and sold to pay for extensions and betterments, and \$500,000 were reserved to refund the first mortgage bonds. Heretofore by Decision No. 6397, dated June 10, 1919, (Vol. 16, Opinions and Orders of the Railroad Commission, page 880) the Company was authorized to issue \$50,000 of first and refunding mortgage bonds to pay indebtedness incurred in securing money to pay the \$50,000 of First Mortgage Bonds that matured January 1, 1918 and January 1, 1919.

Mr. P. R. Ferguson, applicant's auditor, testified that the Company has used \$50,000 of its current revenues to pay the \$50,000 of First Mortgage Bonds that matured on January 1, 1920, and January 1, 1921. The Company now asks that it be permitted to issue and sell \$50,000 of its First and Refunding Mortgage Bonds to Hydro-Electric Securities Company at not less than 80 per cent of face value plus accrued interest, the bonds to be issued and sold for the purpose of reimbursing its treasury for

monies expended in the redemption of said \$50,000 of First Mortgage Bonds, and thereafter to be used by applicant in paying current liabilities.

Applicant reports its assets and liabilities on January 31, 1921, as follows:

ASSETS:

Fixed Capital	\$1,604,549.31
Construction work in Progress	169,528.12
Investments	201,669.30
Materials and Supplies	117,480.03
Cash	23,811.26
Notes Receivable	103.44
Accounts Receivable	209,238.32
Prepaid Expenses	6,277.69
Unamortized Discount on Stock	200,000.00
Unamortized Discount on Bonds	78,321.65
Other Discounts	429,081.96
Corporate Deficit	<u>29,022.33</u>
Total Assets	\$3,069,083.41

LIABILITIES:

Capital Stock	950,000.00
First Mortgage Bonds	\$400,000
First and Refunding Bonds	<u>550,000</u>
Total Bonds	950,000.00
Notes Payable	4,300.00
Audited Vouchers and Wages Unpaid	18,375.13
Accounts Payable	787,345.98
Consumers Deposits	24,668.57
Interest and Taxes Accrued	25,104.34
Other Credit Items	463.28
Reserve for Accrued Depreciation	299,061.67
Other Reserves	9,743.94
Consumers Contributions	<u>20.50</u>
Total Liabilities	\$3,069,083.41

The notes payable and the \$787,345.13 of accounts payable represent largely, advances from The Southern Sierras Power Company and Hydro-Electric Securities Company. Mr. Ferguson testified that should this application be granted, Holton Power Company would use the proceeds from the sale of bonds to pay current liabilities incurred in construction work.

I herewith submit the following form of Order:

O R D E R

Holton Power Company having applied to the Railroad Commission for permission to issue \$50,000 of First and Refunding Mortgage Bonds, a public hearing having been held, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonable^X required for the purpose specified herein, and that the expenditures for such purposes are not in whole or in part, reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED, that Holton Power Company be, and it is hereby, authorized to issue \$50,000 of its First and Refunding Mortgage Bonds.

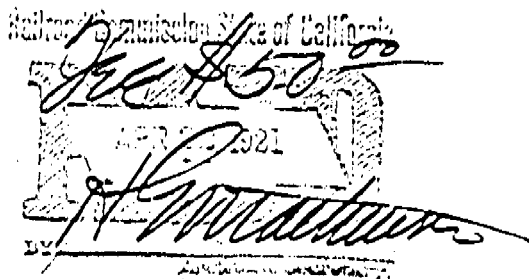
The authority herein granted is subject to the following conditions:

1. The bonds herein authorized shall be sold on or before December 31, 1921, at not less than 80 per cent of their face value, plus accrued interest.
2. The proceeds from the sale of the bonds herein authorized shall be used by applicant to reimburse its treasury in part, for money used in paying the \$50,000 First Mortgage Bonds, referred to in this application. After such reimbursement, the proceeds shall be used to pay current liabilities incurred to pay for plant extensions, additions and betterments, or to pay for plant extensions, additions and betterments hereinafter installed.

3. The authority herein granted will not become effective until applicant has paid the fee prescribed by the Public Utilities Act.
4. Holton Power Company shall keep such records of the issue and sale of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 16th day of April, 1921.



H. S. Loveland
H. C. Prudden
James M. Davis
Charles H. Howell
 Commissioners.